



Product Oversight and Governance Report – Fair Value Assessment



Product Name: PHI Consumer
Product Type: PHI
Date of review: July 2024

- This guide is for distributor reference only
- It does not contain the full terms and conditions of the contract of insurance
- The information provided within this document should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed

Assessment

Date of the last review	December 2023
Status	Open and actively marketed.
Manufacturer / Co-manufacturer	Manufacturer – Westfield Health
Customer	
Target Market Who is this product designed for?	This is a Private Health Insurance consumer plan. Available to any individual meeting the below criteria with no medical required to be accepted for cover. The minimum age for policyholders at application is 18. The maximum age is 79 not yet 80 for the policyholder at application (new or change in cover). The policyholder can

	<p>continue to have cover after they are 79 but they can make no changes to the policy.</p> <p>Policyholders must reside in the United Kingdom (England, Scotland, Wales and Northern Ireland), Isle of Man or Jersey for a minimum of 6 months each year.</p> <p>The product is also available for corporate Surgery Choices leavers to transfer to on continued terms. To apply on continued terms the customer must have the same level of cover (or lower) and no break in cover. Premiums are higher based on the risk and the application method is a paper form rather than online.</p> <p>Distributors: Please inform us where you identify that you have distributed our products to customers outside of the intended target market.</p>
<p>Negative Target Market Who is this product NOT designed for?</p>	<p>Outpatient events and medical procedures that arise as a result of certain circumstances will not be covered. Full details are available in the policyholder plan guide.</p> <p>Not suitable for customers who require cover for heart and cancer treatment packages.</p> <p>There are some significant exclusions regarding treatment that arises as a result of dangerous and hazardous sporting activities for all policyholders.</p> <p>Distributors: Please inform us where you identify that you have consistently distributed our products to customers outside of the intended target market.</p>
<p>Knowledge and experience of and within the target market</p>	<p>Westfield Health is an FCA/PRA regulated company that has been established for over 100 years.</p> <p>Westfield Health have dedicated teams including Propositions and Sales working predominantly in the health insurance market.</p> <p>The product has been designed to take account of those who:</p> <ul style="list-style-type: none"> • have no insurance purchasing experience, interest, or knowledge • have some insurance purchasing experience, interest, or knowledge • have insurance purchasing experience, interest, and knowledge. <p>In dealing with the target audience and the evolving marketplace, Westfield Health seek to provide access to relevant insurance products, and will provide appropriate</p>

	<p>information concerning the policy type, details of the relevant product features, and the likely outcomes from the product, so that prospective customers can select the products they require based on an informed judgement. Westfield Health will not provide advice nor recommend a product.</p>
<p>Identifying and dealing with vulnerable customers</p>	<p>Westfield Health have a Vulnerable Customer Policy and provide colleagues with annual training to support identifying and interacting with customers who show characteristics of vulnerability and ensure that good customer outcomes are delivered.</p> <p>Training is provided to our IDD group on an annual basis, and ad-hoc where there is a need, and those colleagues who interact with our customers also have access to a toolkit which provides them with additional information on how to identify and deal with a vulnerable customer.</p> <p>A good customer outcome does not just relate to the avoidance of financial detriment, it could also include instances which cause, or could cause, distress, inconvenience, or harm.</p> <p>Our over-riding principle when dealing with vulnerable customers is that good outcomes are achieved throughout the customer journey, and any barriers are removed to allow access and utilisation of our products and services. We take a flexible approach which allows us to provide additional support where needed and interact with our customers in a way which meets their needs.</p>
<p>Any circumstances which may cause a conflict of interest to the detriment of the customer</p>	<p>Limited conflict of interest identified.</p> <p>Except; If receiving treatment; the practitioner cannot be a family member (as stated in the T&Cs).</p>
<p>Product</p>	
<p>The main features and characteristics of the product</p>	<p>Private Health Insurance consumer plan in summary:</p> <ul style="list-style-type: none"> • Each surgical procedure is classified into one of ten bands on Level 2 and four bands on Level 1, this is according to its medical complexity. • Only certain medical procedures are covered. • Out-patient option available • Pricing is based on their age at application and then at each renewal. • Pre-existing conditions are not covered

	<ul style="list-style-type: none"> • Underwriting options: Moratorium / Continued Moratorium* <p><i>* Continued Moratorium is only available to existing Westfield Health corporate Surgery Choices customers who wish to continue their cover. It is not available to a new customer.</i></p> <p>From October 2024: Removal of Current Procedure Banding Caps for Level 1 & 2.</p> <p>New procedure lists will replace the old banding caps. Each procedure will now have a specific value assigned based on average market prices, including those in London. This update ensures our pricing reflects the true cost of medical procedures more accurately and our customers receive benefit that is in line with the cost of treatment.</p>
<p>How the product meets the needs of the customer and provides benefits</p>	<p>Consumer Private Health Insurance provides individuals with immediate cover for new conditions and fast access to fixed price private treatment packages for a range of conditions (excluding heart and cancer).</p> <ul style="list-style-type: none"> ✓ Fixed treatment package for majority of non –urgent, elective procedures either Private or NHS. ✓ Budget PHI – can be competitive against some PHI options. ✓ Can be sold stand alone or with a Health Cash Plan. ✓ Out-patient module available. ✓ There are forty-five policy exclusions on Level 1 and forty-six on Level 2, these generally follow what usually appears in PMI policies. These are detailed in the plan guide and include amongst other things emergency procedures, fertility treatment, cosmetic treatment, treatment for weight loss. <p>On Private Health Insurance Level 2 each surgical procedure is classified into one of ten bands according to its medical complexity. Band 1 is the least complicated procedures and Band 10 the most. It covers all surgical procedures, we define these as</p> <ul style="list-style-type: none"> • Medical procedures requiring a general anaesthetic. • Medical procedures requiring a regional or local anaesthetic in conjunction with an incision involving a surgical knife. • Endoscopic fibre optic procedures. • Heart and cancer procedures are excluded. <p>We will provide cover when cancer is suspected but has not been confirmed e.g. biopsies.</p> <p>On Private Health Insurance Level 1 plan covers sixty-three named operations. Each surgical procedure is classified into one of four bands according to its medical complexity.</p>

	<p>Due to the increasing wait times on the NHS for non-urgent treatments, made even higher due to the pandemic. Private Health Insurance provides customers with fast access to elective treatment.</p> <p>From October 2024 the new procedure lists and market costs will replace the old banding caps.</p>
<p>Is the product considered complex?</p>	<p>The private health insurance product can be provided by an employer or selected by an individual. The product provides immediate cover for new conditions and fast access to fixed price private treatment packages for a range of conditions (excluding heart and cancer). Where pre-existing conditions aren't covered these are clearly outlined in the product T&Cs.</p> <p>There is a dedicated Private Health Insurance team who handle all queries and claims to support policyholders throughout the process and at their time of need.</p> <p>The pre- and post-sale documentation is designed to be clear and concise for customers ensuring we don't use jargon. Terms and Conditions are issued to all customers at the start of the plan or when any amendments that impact them are made, these explain the claims process and procedures that are covered under the plan.</p> <p>Underwriting options vary and the selected option impacts the cost of the plan. The options are clearly documented to ensure clarity for the customer at point of purchase and within the Terms and Conditions.</p> <p>Given there is no underlying investment and no life cover elements, the individual or employer pays a premium and then the customer is able to claim we do not consider the product complex.</p>
<p>The risk of harm/customer detriment associated with the product?</p>	<p>The product Terms and Conditions (T&Cs) state that any treatment received via a practitioner must be provided by an accredited / professional organisation as standard and in an appropriate medical facility.</p> <p>To ensure that the customer receives fair value for this product, care must be taken to ensure that no duplicate cover exists or if it does, the implications to proceed on that basis was highlighted to the customer.</p> <p>A recent scheme review raised the need to assess the surgery banding caps. From October 2024 the new procedure list and market value costs will replace the old banding caps. These will be regularly reviewed and updated to reflect the market.</p>

<p>How much information about the product is publicly available?</p>	<p>The Westfield Health website holds all product information, and the customer can apply via the website.</p>
<p>Service</p>	
<p>What are the end user product Service Level Agreements (SLAs) and are these being met?</p>	<p>Our current SLAs are outlined below, these are reviewed regularly with a monthly meeting to discuss in greater detail. We meet the set SLA target 99% of the time.</p> <p>There is a dedicated Private Health Insurance team who have a 2-day SLA for all queries.</p> <p>Claims are generally paid in advance of procedure where possible and if invoice is provided post-operation there is a 2-day SLA.</p>
<p>Complaints data relating to this product</p>	<p>We monitor our complaints data closely and it is presented quarterly to the board with any actions required closely monitored to ensure any issues are addressed in a timely manner.</p> <p>In the 2023/24 financial year 1 service-related complaint was received. This complaint was not upheld but £16.35 was paid as a gesture of goodwill. This complaint equated to 0.14% of the policyholders.</p> <p>In Q1 2024/25 (April – June) we haven't received any complaints relating to the product.</p>
<p>Distribution</p>	
<p>The distribution strategy for this product (does the distribution arrangement mean that customers may be at a greater risk of not receiving fair value from the insurance product?)</p>	<p>The product is predominantly sold direct via the Westfield Health website.</p> <p>The price is fixed based on the policyholder age, ensuring transparency, and is reviewed at product level and therefore demonstrates fair value for all customers.</p> <p>The product is also available for corporate Surgery Choices leavers to transfer to on continued terms. To apply on continued terms the customer must have the same level of cover (or lower) and no break in cover. Premiums are higher based on the risk and the application method is a paper form rather than online.</p> <p>Commission is set at 50% for the first year and 5% for renewal and doesn't impact the customer's price.</p>

Testing	
What product testing has taken place?	<p>Private Health Insurance Consumer product is regularly reviewed by a dedicated team internally assessing the performance of the plan.</p> <p>In addition, our consumer marketing team continuously review how to improve both pre- and post-sale journeys and material.</p>
What product monitoring occurs?	<p>The product oversight and governance are reviewed on an annual basis.</p> <p>In addition, Propositions and Underwriting & Insight teams review the products performance and shortfalls considering customer needs and manage the third-party suppliers to ensure the product remains competitive in the market.</p> <p>The summary of fair value included a review of the following MI:</p> <ul style="list-style-type: none"> • Loss ratio • Policy cancellations • Claims acceptance rate • Number of complaints • Complaints as a percentage of policyholders • Redress inc. Gestures of goodwill payments made. <p>The product has an 82% claim acceptance rate which exceeds the set business threshold.</p>
Is remedial action taken if necessary?	<p>Yes. Where any changes in the product or service are required, we ensure these are investigated and prioritised as necessary.</p> <p>Propositions monitor our core competitors, market, customer, and sales insight. In response to this analysis, we review and make changes when required.</p> <p>From 1 October 2024 the removal of Current Procedure Banding Caps. This change is in response to the recognition that our static banding caps have become outdated due to medical inflationary pressures over the past few years.</p> <p>New procedure lists will replace the old banding caps. Each procedure will now have a specific value assigned based on average market prices, including those in London. This update ensures our pricing reflects the true cost of medical procedures more accurately.</p> <p>A new plan guide has been created to improve clarity of certain wording, the complaints process, statement of demands and needs and IPID have all been updated.</p>

	<p>The T&Cs within the plan guide have been updated. In particular the claims process has been rewritten to ensure this is a clear process for the customer.</p>
<p>Fair Value Findings</p>	
<p>How the product provides fair value to the customer and whether it will continue to do so for a reasonably foreseeable period (including following renewal)</p> <p>We must not market the product or permit the product to be distributed (whether directly or through another person), unless appropriate changes are made so that fair value will be provided</p>	<p>The product provides several options to meet the needs of individuals and is priced on their age at application and then at each renewal.</p> <p>The employer is able to choose from 2 levels of cover to suit the needs of their employees.</p> <p>The price at renewal is fixed and policyholders can choose to accept the price, transfer to an alternative provider, or cancel the policy.</p> <p>Pricing is benchmarked against the competition ensuring fair value for customers.</p>
<p>Statement</p>	<p>As part of the review, we have assessed the cost of the product to the customer against the benefits available for use including additional wellbeing benefits available to them and the distribution of the product.</p> <p>The fair value measures assessed are all within business appetite and the product is deemed suitable for the intended target market, with no material issues raised in relation to distribution or service.</p> <p>Following the recent scheme change, we have amended several pieces of our literature to ensure these are clear and concise for our policyholders. We will also amend the old banding caps to new procedure lists and market value costs from October 2024.</p> <p>We would like to remind distributors that any fees charged (whether this relates to new business, renewals, mid-term adjustments, or cancellations) should not reduce nor negatively impact the intended product value and should always reflect the work and services provided by you for which the fees charged.</p>

Product Governance report completed by:

Name:	Gareth Owen
Position:	Proposition Manager
Date:	31 July 2024
Date of next review:	July 2025

Product Governance report reviewed by Compliance Function to ensure it meets the requirements of the FCA Product Intervention and Product Governance (PROD) Sourcebook, our regulatory requirements in relation to fair value assessments and the consumer duty good outcomes for customers:

Name:	Sarah Ratcliffe
Position:	Compliance Manager
Date:	01 August 2024
Date of next review:	July 2025